



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 2
290 BROADWAY
NEW YORK, NY 10007-1866

JUN -9 2017

Dawn Henry, Esq.
Commissioner
Virgin Island Department of Planning and Natural Resources
45 Mars Hill
Frederiksted, Virgin Islands 00840

Claude Walker, Esq.
Attorney General
Department of Justice
Office of Attorney General
34-38 Kronprindsens Gade
GERS Building, Second Floor
St Thomas, Virgin Islands 00802

Dear Counsel:

The United States Environmental Protection Agency – Region 2 (EPA) has received and reviewed the proposed 2017 budget submitted by the HOVENSA Environmental Response Trust (ERT) dated November 18, 2016, and revised on December 14, 2016 and May 10, 2017. The estimated 2017 budget covers the time period starting on January 1, 2017.

As you are aware, Section 7.13 of the Environmental Response Trust Agreement (Agreement) details which matters are subject to approval by EPA, the United States Department of Justice (DOJ) and/or the United States Virgin Islands (VI). The proposed budget contains a detailed table (Table 1) itemizing the expected expenditures and corresponding costs, as well as a column indicating which items require EPA, DOJ and/or VI approval. EPA believes the ERT correctly identified which party(ies) is required to approve each item identified in its proposed budget.

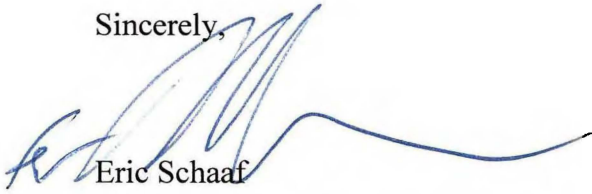
Many of the projected expenditures listed in Table 1 (line items 1-6, 8, 10(b), 12-24) are subject to EPA approval after consultation with the VI. See Section 7.13.1 of the Agreement. Line items 10a and 10b are subject to a judicial Consent Decree entered on June 7, 2011 (Civ. No. 1:22-cv-0006). EPA is prepared to approve the proposed May 10, 2017 budget for each of these items.¹ If you have any concerns regarding any of these items, please detail your concerns and send them to my attention in writing. If we do not hear from you within two weeks of your receipt of this letter, we will assume you have no comments and EPA will approve the above referenced line items.

¹With respect to Lines 4 – 6 and 8, the release of money from the RCRA Financial Assurance Trust(s) is subject to EPA's annual review of monies spent and the estimated remaining cost of completing closure and corrective action, adjusted for inflation. This letter only concerns approval of the projected expenditures for the designated activities, which is distinct from this process.

Line items 7 and 11 are subject to VI approval after consultation with the EPA, and line item 25 is subject to joint EPA and VI approval. See Sections 7.13.2 and 7.13.4 of the Agreement. The ERT however did not project any costs for these items.

If you have any questions, please do not hesitate to contact Flaire Mills of my staff at 212 637-3198.

Sincerely,

A handwritten signature in blue ink, appearing to be 'Eric Schaaf', with a long, sweeping horizontal line extending to the right.

Eric Schaaf
Regional Counsel